

Message Text

PAGE 01 STATE 149531
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INFO OCT-01 ISO-00 ONY-00 /011 R

DRAFTED BY NEA:NAVELIOTES:HLK/JD
APPROVED BY NEA:ALATHERTON, JR.
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TO AMEMBASSY TRIPOLI PRIORITY
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C O N F I D E N T I A L STATE 149531

STADIS////////////////////////////////////
FOR AMBASSADOR AND CHARGE

E.O. 11652: GDS

TAGS: EG, LY, US

SUBJECT: DIALOGUE WITH THE LIBYANS AND CIVIL AIRCRAFT

REF: A - TRIPOLI 761, B - TRIPOLI 764, C - TRIPOLI 778,
D - TRIPOLI 785, E - TRIPOLI 806 (NOTAL)

1. AS YOU KNOW, WE ARE CURRENTLY IN FINAL STAGES OF REVIEW
ON LIBYAN POLICY, WHICH AMONG OTHER THINGS WAS MANDATED BY
SENATE RESOLUTION OF LAST FALL. WE HOPE IN NEAR FUTURE TO
HAVE REVIEW BEFORE 7TH FLOOR PRINCIPALS WITH OPTIONS AND
RECOMMENDATIONS IN KEY AREAS. WE HAVE CONCLUDED THAT WE
HAVE VERY FEW, IF ANY, CARROTS OR STICKS WHICH COULD INDUCE
QADHAFI TO CHANGE HIS POLICIES RE REJECTION OF MIDEAST
PEACE EFFORTS (WITH CONCOMITANT EMPHASIS ON DESTRUCTION OF
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PAGE 02 STATE 149531

STATE OF ISRAEL) AND HIS SUPPORT FOR INTERNATIONAL TERRORISM.
UNDER CIRCUMSTANCES, WE ARE NOT GOING TO ENTER MILITARY
SUPPLY RELATIONSHIP WHICH WOULD BE KEY FACTOR RE REDUCING
SOVIET INFLUENCE. IN THIS RESPECT, WE ARE AWARE THAT
QADHAFI'S SOVIET CONNECTION MAKES CONSIDERABLE CONTRIBUTION
TO HIS ISOLATION IN ARAB WORLD -- SITUATION WHICH, GIVEN
REJECTIONIST POLICIES, IS CONGENIAL TO OUR OWN POLICY AIMS
IN MIDEAST.

2. UNDER CURRENT AND FORESEEABLE FUTURE CIRCUMSTANCES WE

SEE NO REAL LIKELIHOOD OF OUR AGREEMENT TO EXCHANGE AMBASSADORS -- OR EVEN RECEIVE LIBYAN AMBASSADOR -- OR AGREEMENT TO GRANT LICENSES FOR C-130'S. WE ARE INCLINED TO AGREE WITH TRIPOLI (REF E) THAT DENIAL OF C-130 LICENSES WOULD HAVE MARGINAL IMPACT ON LIBYAN MILITARY CAPABILITY WHILE RAISING THE LIKELIHOOD OF LIBYAN RETALIATION AGAINST U.S. COMMERCIAL INTERESTS. GIVEN LIMITED ROOM FOR MANEUVER, ISSUES REQUIRING IMMEDIATE DECISIONS MAY BE:

-- POSSIBLE INITIATION OF "HIGH-LEVEL" DIALOGUE AND
-- POSSIBLE SALE OF L-100 TRANSPORT AIRCRAFT. IT IS ON THESE POINTS IN PARTICULAR THAT WE REQUIRE YOUR VIEWS AS SOON AS POSSIBLE.

3. HIGH-LEVEL DIALOGUE: AMONG THE SUGGESTIONS UNDER CONSIDERATION IS A VISIT TO TRIPOLI BY A VERY SENIOR ADMINISTRATION OFFICER IN JULY. SUBJECT, THEREFORE, DOES HAVE A PROBABLE OPERATIVE ASPECT IN NEAR FUTURE.

4. BASED ON OUR ADMITTEDLY LIMITED EXPERIENCES TO DATE, WE DO NOT SEE WHERE A HIGHLY VISIBLE VISIT BY A PROMINENT USG OFFICIAL WOULD RESULT IN ANY REAL BENEFIT TO THE U.S.
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PAGE 03 STATE 149531

IN POLICY TERMS. INDEED, WE SEE THE BENEFITS ALL ON QADHAFI'S SIDE:

-- IT MIGHT GIVE IMPRESSION THAT WE HAD "CHANGED" OUR OPPOSITION TO QADHAFI'S REJECTIONIST AND TERRORIST POLICIES.

-- IT COULD REINFORCE BELIEF IN CAIRO AND IN OTHER FRIENDLY ARAB CAPITALS THAT WE WERE REALLY INDULGING IN A DOUBLE GAME WITH QADHAFI BECAUSE OF OUR COMMERCIAL INTERESTS, E.G., PROFESSING TO BE OPPOSED TO HIM BUT IN REALITY LENDING HIM OUR SUPPORT. (WE SHOULD NOTE THAT IN CONTEXT RECENT TUNISIAN-LIBYAN CONTROVERSY OVER OFFSHORE DRILLING, WE GOT THIS FROM TUNISIANS WHO PROFESSED NOT TO UNDERSTAND LEGAL PROHIBITIONS ON U.S. GOVERNMENT AUTHORITY TO ORDER AMERICAN RIG OUT OF DISPUTED ZONE.)

-- BY IMPRESSION CREATED, IT WOULD SERVE TO REDUCE IMAGE AS WELL AS REALITY OF QADHAFI'S ISOLATION IN ARAB WORLD RE REJECTIONIST POLICIES.

-- SUCH A VISIT WOULD BE INEXPLICABLE TO THE EGYPTIANS AND BE OF SERIOUS CONCERN TO PRESIDENT SADAT PERSONALLY.

-- IT COULD COMPLICATE OUR HANDLING OF BEGIN VISIT, PARTICULARLY.

-- WE WOULD HAVE NEGATIVE REACTION FROM THE HILL.

5. ANOTHER FACTOR IS THE QADHAFI CALL FOR AN ARAB SUMMIT IN LATE JULY TO DISCUSS THE "PROBLEMS OF THE PALESTINIANS AND THE SITUATION IN SOUTHERN LEBANON." A VISIT IN THE NEAR FUTURE COULD GIVE THE WRONG SIGNALS ALL THE WAY AROUND RE POSSIBLE U.S. SUPPORT FOR SUCH AN INITIATIVE WHICH WE ASSUME WOULD BE DESIGNED TO STRENGTHEN OPPOSITION TO U.S. MIDEAST PEACE INITIATIVES AND TO CREATE EVEN MORE TROUBLE IN SOUTH LEBANON WHICH AT BEST IS ALWAYS A CONFIDENTIAL

PAGE 04 STATE 149531

POTENTIAL FLASH POINT.

6. ON THE OTHER HAND, WE WOULD HAVE MADE A GESTURE IN SUPPORT OF THE ADMINISTRATION'S POLICY OF WISHING TO IMPROVE RELATIONS WITH ALL COUNTRIES AND THIS MIGHT LIGHTEN ATMOSPHERE FOR A WHILE IN OUR OFFICIAL OPERATIONS IN TRIPOLI.

7. FOR TRIPOLI: WE RECOGNIZE THAT EMBASSY SUPPORTS SOME SORT OF HIGH-LEVEL DIALOGUE. WE DO NOT INTEND BY THIS NEGATIVE PRESENTATION TO INHIBIT YOUR EXPRESSING IDEAS ON THE OTHER SIDE. INDEED, WE DO WANT TO ENGAGE IN A SERIOUS DIALOGUE ON THIS SUBJECT BETWEEN NEA AND THE TWO EMBASSIES. IN ADDRESSING THE ISSUE, WE WOULD BE VERY INTERESTED IN YOUR ANALYSIS OF CURRENT LIBYAN ATTITUDE TOWARD THE GENEVA CONFERENCE AND PALESTINIAN ROLE IN PEACE PROCESS. DO YOU BELIEVE THAT U.S.-LIBYAN DIALOGUE HAS REASONABLE CHANCE OF MODIFYING LIBYAN SUPPORT OF REJECTIONIST POSITION AND USE OF TERRORIST TACTICS? IS THERE REASONABLE CHANCE THAT JULY TALKS BETWEEN QADHAFI AND SENIOR OFFICIAL COULD RESULT IN LIBYA PURSUING LESS EXTREME POSITION AT THE PROPOSED JULY ARAB SUMMIT? ARE THERE OTHER TOPICS OF DISCUSSION THAT SUCH MEETING COULD POSSIBLY INFLUENCE LIBYAN POLICIES/ACTIONS IN DIRECTIONS MORE BENEFICIAL TO U.S. INTERESTS? WOULD THESE SUBJECTS, AND DIFFERENCES IN OUR POSITIONS, BE BETTER DISCUSSED AT LOWER LEVEL AND WITHOUT PUBLICITY THAT SENIOR LEVEL MEETING WOULD ENTAIL? WE RECOGNIZE THAT THERE ARE NO CONCLUSIVE ANSWERS. WE NEED YOUR CONSIDERED VIEWS.

8. NEA TENTATIVE VIEW OF HIGH-LEVEL DIALOGUE OF SENIOR VISITOR TO TRIPOLI IS THAT FOR ALL OF THE FACTORS INVOLVED, SUCH A VISIT MIGHT BEST TAKE PLACE IF THERE ARE ANY CONFIDENTIAL

PAGE 05 STATE 149531

CONCRETE INDICATIONS THAT QADHAFI IS REALLY MOVING AWAY FROM HIS STRIDENT REJECTIONIST POSTURE. ANOTHER POSSIBLE ALTERNATIVE WOULD BE TO HAVE A VISIT IN THE CONTEXT OF A BROADER VISIT TO THE MIDDLE EAST AFTER SOME SIGNIFICANT

STEP IN THE PEACEMAKING PROCESS HAS TAKEN PLACE; FOR
EXAMPLE, AFTER THE ANNOUNCEMENT OF A DATE FOR A RECONVENED
GENEVA CONFERENCE. THIS LAST IDEA WOULD HAVE THE VIRTUE
OF OUR BEING PERCEIVED AS DEALING FROM A POSITION OF

STRENGTH TO DISCUSS FUTURE PROSPECTS IN VIEW OF THE FACT
THAT QADHAFI HAD NOT BEEN ABLE TO PREVENT SUCH A DEVELOP-
MENT FROM TAKING PLACE.

9. FOR CAIRO. RE POSSIBILITY OF OUR ACCEPTING A LIBYAN
AMBASSADOR WITHOUT RECIPROCATING, WE HAVE REVIEWED THE
RECORD AND NOTE THAT SADAT STRONGLY OBJECTED TO SUCH A
MOVE IN 1975 AND WE ASSURED SADAT AT THE TIME AND AGAIN
THIS SPRING THAT WE WOULD NOT AGREE TO A LIBYAN AMBASSADOR
WITHOUT "DISCUSSING IT WITH HIM." MOST RECENTLY, FAHMY
TOLD YOU THAT THE EGYPTIANS WANTED US TO STAND FAST ON
NOT EXCHANGING AMBASSADORS AND NOT RELEASING THE C-130'S.
WHAT IS YOUR EVALUATION OF EGYPTIAN REACTION TO POSSIBLE
SUGGESTION THAT WE RECEIVE LIBYAN AMBASSADOR? ALTHOUGH
THIS IS NOT CURRENTLY UNDER ACTIVE CONSIDERATION, PLEASE
ADDRESS THIS ISSUE AS WELL AS GIVING US YOUR COMMENTS
ON OTHER ASPECTS OF THIS CABLE.

10. CIVIL AIRCRAFT: EFFECT OF OUR CURRENT POLICIES HAS
BEEN TO APPROVE LICENSES FOR CIVILIAN PASSENGER AIRCRAFT
FOR LIBYAN AIRWAYS AND TO DISAPPROVE--THROUGH INACTION--
LICENSES FOR CIVILIAN CARGO AIRCRAFT. THE REVIEW
WILL OFFER THREE OPTIONS:

APPROVE ALL CIVILIAN AIRCRAFT;
APPROVE ONLY PASSENGER AIRCRAFT;
DISAPPROVE ALL AIRCRAFT.
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PAGE 06 STATE 149531

11. THE DECISION WILL PROBABLY BE MADE TO CONTINUE TO
APPROVE ON A CASE-BY-CASE BASIS CIVILIAN PASSENGER AIR-
CRAFT (I.E. THE TWO BOEING 727'S THAT WILL BE BEFORE US
IN THE NEXT FEW MONTHS). THE ISSUE NARROWS DOWN TO CARGO
AIRCRAFT (E.G. THE LOCKHEED L-100'S). LOCKHEED HAS MADE
ANOTHER STRONG PITCH TO BE ALLOWED TO EXPORT TWELVE L-100'S
WITH APPROXIMATE TOTAL VALUE OF DOLS 145 MILLION. LOCK-
HEED SUPPORTS ITS CASE BY NOTING THAT THERE IS A GOOD
ECONOMIC JUSTIFICATION OF CIVILIAN REQUIREMENTS FOR THESE
AIRCRAFT. LOCKHEED ALSO HAS RAISED THE SPECTOR OF CON-
SIDERABLE LAYOFFS IF THE SALE IS NOT APPROVED. THE
ARGUMENTS AGAINST APPROVAL ARE: (1) THAT THE AIRCRAFT
WILL SIGNIFICANTLY INCREASE QADHAFI'S POTENTIAL FOR CAUS-
ING TROUBLE TO HIS NEIGHBORS AND OTHERS; (2) WE WOULD GET
A NEGATIVE REACTION FROM THE HILL, PARTICULARLY TIED TO
THE TERRORISM ISSUE; (3) THERE IS THE BELIEF THAT, SHOULD
WE RELEASE THE AIRCRAFT, QADHAFI WOULD PLAY THIS ACTION
PUBLICLY AS A CHANGE IN U.S. POLICY AND, IN EFFECT,

PORTRAY THE L-100'S AS C-130'S IN DISGUISE; AND (4)
FINALLY, WE ARE CONCERNED ABOUT THE POSSIBLE EGYPTIAN
REACTION TO SUCH A TRANSACTION.

12. IN MAKING OUR DECISION, IT WOULD BE VERY HELPFUL TO
HAVE FROM EMBASSY TRIPOLI AN ASSESSMENT OF THE CAPABILITY
OF AIR FIELDS NEAR THE SUDAN OR OTHER BORDER AREAS IN
LIBYA TO TAKE THESE AIRCRAFT, OR TO BE SUFFICIENTLY UP-
GRADED TO RECEIVE THEM IN THE NEAR FUTURE. IN CONSIDERING
THIS MATTER, WE ARE AWARE OF THE FACT THAT 727'S (AND
OTHER PASSENGER AIRCRAFT) CAN BE EASILY CONVERTED INTO
CARGO AIRCRAFT FOR PURPOSES OF TRANSPORTING TROOPS AND
ARMS. WE ALSO, HOWEVER, ARE AWARE OF THE SIGNIFICANT
ADDED CAPABILITY (HEAVY WEAPONS) THAT L-100'S WOULD
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PAGE 07 STATE 149531

PROVIDE.

13. PLEASE EXPEDITE YOUR VIEWS AND SLUG STADIS FOR
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 22-Sep-1999 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, SALES, INTERGOVERNMENTAL COOPERATION, TRANSPORT AIRCRAFT
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Jun-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE149531
Document Source: ADS
Document Unique ID: 00
Drafter: NEA:NAVELIOTES:HLK/JD
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Expiration:
Film Number: D770229-1066
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197706110/baaaetdf.tel
Line Count: 242
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: e61f9e73-c288-dd11-92da-001cc4696bcc
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: A - TRIPOLI 761, B - TRIPOLI 764, C - TRIPOLI 778, D - TRIPOLI 785, E - TRIPOLI 806 (NOTAL)
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2013352
Secure: OPEN
Status: NATIVE
Subject: DIALOGUE WITH THE LIBYANS AND CIVIL AIRCRAFT
TAGS: EAIR, OVIP, MASS, EG, LY, US
To: TRIPOLI CAIRO
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e61f9e73-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009